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The Honorable
J. W. Fulbright
Chairman
Committee on Foreign Relations
United States Senate

DEF 19-8 US-IRAN

Dear Mr. Chairman:

I am replying to your letter of February 10, 1972, requesting further information about Presidential Determination 72-10 authorizing the use of \$942,000 in grant military assistance for Iran.

As explained in the Memorandum to the President, dated November 22, 1971, which was forwarded with the State Department's report to Congress on February 8, we believe it is important to U.S. interests that Iran continue to develop as a strong, stable and reliable friend in the turbulent Middle East area. Iranian cooperation is important not only to our efforts to achieve peaceful solutions to the current problems of this region, but also to the prevention of further instability and growth of potential conflicts after the recent withdrawal of British forces from the Persian Gulf area. We remain convinced that our modest MAP program contributes to the achievement of these objectives. We do not believe this justification is affected by the manner in which the government of Iran chose to celebrate a most important occasion in the history of that nation.

As Iran has developed a greater capability to pay for military equipment and services, we have reduced our grant assistance program in commensurate measure. From a level of \$2.4 million in FY 1971, we went to a level of \$942,000 for FY 1972 and we are projecting a further reduction to about \$500,000 for FY 1973. Of the \$942,000 in FY 1972, approximately \$287,000 was provided for support of the U.S. Military Assistance Advisory Group in Iran, while the balance of about \$655,000 was provided for actual costs of training. Although the Iranian Government purchased an amount of about \$5 million in FMS training during

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FY 1972, we feel that we should continue to provide modest amounts of training without reimbursement in certain areas which we feel important from the viewpoint of U.S. interests but which do not rate high priority with Iranian planners. It should also be noted that Iran contributes approximately \$1.6 million annually in support of our MAAG activities in that country.

With regard to Export-Import Bank financing of military sales to Iran, a program of \$140 million was approved for FY 1972. The potential items to be covered by this credit include F-4 aircraft, with supporting equipment and services. This credit includes \$70 million to be privately financed with Eximbank guaranty. For FY 1973, a program of \$200 million, including \$100 million to be privately financed with Eximbank guaranty, has been proposed. Estimated requirements include F-4 aircraft and supporting equipment, C-130 aircraft, M-47 tank retrofit program, helicopters and spares.

If there is any further information regarding this matter which you believe we might provide, please let me know. We would, of course, be prepared to go into this matter further in a personal briefing for you or members of the Committee's staff if you so desire.

Sincerely yours,

David M. Abshire

David M. Abshire
Assistant Secretary for
Congressional Relations

Clearances:

H - Mr. Schneer Miss Folger
NEA - Mr. Davies
EX-IM Bank - Mr. Bostwick (info)
DOD/ISA - Col. Starker
DOD/ISA - Col. Edison
DOD/ISA - Mr. Dellarco
NEA/IRN - Mr. Miklos
PM/MAS - Mr. Chapman

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